

Message Text

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51

ACTION EUR-25

INFO OCT-01 ISO-00 ARA-16 STR-08 DODE-00 EB-11 NSAE-00

RSC-01 TRSE-00 CIAE-00 COME-00 PM-07 H-03 INR-10 L-03

NSC-07 PA-04 PRS-01 SPC-03 SS-20 USIA-15 NIC-01 DRC-01

/137 W

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P 091731Z MAR 74

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC PRIORITY 2903

INFO AMCONSUL MONTREAL

AMCONSUL TORONTO

UNCLAS OTTAWA 0680

E.O. 11652: N/A

TAGS: ESTC, CA, CU

SUBJECT: CUBAN ASSETS CONTROL AND QUEBEC LOCOMOTIVE SALE

REF: MONTREAL 311

1. MARCH 9 TORONTO GLOBE AND MAIL AND MONTREAL GAZETTE REPORT MLW BOARD OF DIRECTORS DECISION TO ACTIVELY PURSUE NEGOTIATIONS WITH CUBA FOR LOCOMOTIVE SALE AND POSSIBILITY, RAISED BY INDUSTRY, TRADE AND COMMERCE MINISTER GILLESPIE, THAT GOC WILL EXTRACT PROVISIONS DEALING WITH EXTRATERRITORIAL EFFECT OF FOREIGN LAWS ON CANADIAN TRADE FROM PROPOSED COMPETITION BILL FOR EARLY CONSIDERATION BY PARLIAMENT (SEE OTTAWA 570).

2. BOTH NEWSPAPERS REPORT THAT MLW'S TWO U.S. DIRECTORS, MATTHEW O'CONNELL AND RICHARD SIGNORELLI, OPPOSED THE DEAL BUT WERE OUT-VOTED BY CANADIAN DIRECTORS IN MARCH 8 MEETING. MLW PRESIDENT GRASSBY REPORTEDLY SAID THAT COMPANY ITSELF HAD NOT SOUGHT US APPROVAL FOR THE DEAL AND THAT HE WAS NOT AWARE OF ANY PROBLEM FOR THE FIRM WITH THE USG.

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3. ACCORDING TO GAZETTE ARTICLE, GRASSBY SAID MLW DOES NOT YET HAVE AN ORDER FOR THE LOCOMOTIVES. HE ALSO SAID THAT US CITIZEN DIRECTORS HAD APPLIED FOR PERSONAL EXEMPTIONS FROM THE US TRADING WITH THE ENEMY ACT AND THAT THEY RECEIVED LEGAL ADVICE TO VOTE AGAINST THE DEAL TO PROTECT THEMSELVES (FROM PROSECUTION IN US). ARTICLE REPORTS THAT STATE DEPARTMENT OFFICIAL FAMILIAR WITH MLW CASE SAID THE NEGATIVE VOTES COULD REMOVE ONE OF THE REASONS THAT A LICENSE WAS REQUIRED FOR THE SALE. A STATE DEPARTMENT SPOKESMAN IS ALSO QUOTED AS SAYING IN CONNECTION WITH EXEMPTION APPLICATION: "ANY DECISION RELATED TO MLW WOULD PROBABLY ONLY BE A BACKWASH OF THE MORE IMPORTANT ARGENTINA DECISION."

4. BOTH NEWSPAPERS REPORT THAT RESIGNATION OF BOARD CHAIRMAN E.C. FORBES, A US CITIZEN, WHICH WAS ANNOUNCED BY MLW YESTERDAY, IS UNRELATED TO CUBAN DEAL.

5. COMPLETE TEXTS OF ARTICLES BEING AIRPOUCHED TO EUR/CAN - BROWN AND EB/IT/EWT - WRIGHT.
PORTER

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Message Attributes

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